

## **CITY OF HAYWARD**

### **AGENDA REPORT**

AGENDA DATE 06/07/05

AGENDA ITEM 6  
WORK SESSION ITEM \_\_\_\_\_

**TO:** Mayor and City Council

**FROM:** Director of Public Works

**SUBJECT:** Authorization for the City Manager to Approve Assignment of the Ground Lease between the City of Hayward and Hayward Associates #1, Inc., to St. John Investment Group, LLC

#### **RECOMMENDATION:**

It is recommended that the City Council adopt the attached resolution that authorizes the City Manager to approve the assignment of Ground Lease between the City and Hayward Associates #1, Inc., to St. John Investment Group, LLC.

#### **BACKGROUND:**

On July 2, 1984, Hayward Associates #1, Inc., entered into a 54-year lease with the City for the real property commonly known as 22429 Hesperian Boulevard (Medical Express Building). Hayward Associates #1 is selling their facility to St. John Investment Group, LLC a South San Francisco corporation. St. John Investment Group, LLC, is committed to fulfilling the same terms and obligations of Hayward Associates #1 existing lease. However, St. John's will renovate the facility to accommodate their business profession as a vocational training school for nursing care providers.

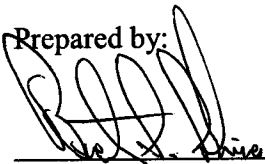
St. John Investment Group, LLC, is receiving financial assistance from the Small Business Administration (SBA) for the purchase of Hayward Associates #1, facilities and leasehold interests. The SBA is requiring an amendment to the current ground lease as a condition for financing. This amendment requires written notification to the SBA prior to cancellation of the ground lease by the City and/or St. John Investment Group, LLC. The City Attorney's office has reviewed all relevant documents and has approved them as to form. The provisions contained within the addendum are acceptable to the City.

The City's Acting Director of Finance and Internal Services has reviewed the financial statements and tax returns for St. John Investment Group, LLC, and finds its financial resources satisfactory to meet the City's requirement for an assignment.

## TERMS OF CURRENT LEASE:

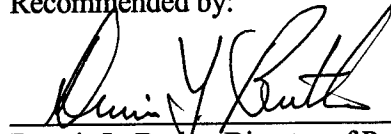
The current ground lease is for a 54-year term commencing on July 2, 1984, and expiring on October 10, 2038, with an option to extend to December 1, 2045. The rent paid to the City for the property is \$1,336.90 per month plus 27.5% of the gross building income. The lease with the current tenant, Hayward Associates #1, Inc., prevents them from assigning the lease without first obtaining permission from the City. However, consent cannot be unreasonably withheld.

Prepared by:



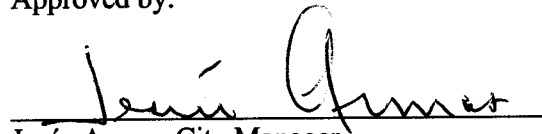
Brent S. Shiner, Airport Manager

Recommended by:



Dennis L. Butler, Director of Public Works

Approved by:



Jesús Armas, City Manager

# DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

Introduced by Council Member \_\_\_\_\_

RESOLUTION AUTHORIZING THE CITY MANAGER TO  
APPROVE THE ASSIGNMENT OF GROUND LEASE  
BETWEEN THE CITY OF HAYWARD AND HAYWARD  
ASSOCIATES #1, INC., TO ST. JOHN INVESTMENT  
GROUP, LLC

*mob*  
*6/3/05*

BE IT RESOLVED by the City Council of the City of Hayward that the City Manager is hereby authorized and directed to negotiate and execute on behalf of the City of Hayward the assignment of Ground Lease and all related documents between the City of Hayward and Hayward Associates #1, Inc., to St. John Investment Group, LLC.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2005

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: \_\_\_\_\_

City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward